

that, I wish to associate myself with the remarks of the Senator from Nevada in paying tribute to the Senator from Arizona. Senator McCAIN's words were both eloquent and profound, and they reflect not only his strong beliefs but his own personal experience and also reflect something else that has been consistent in everything he has done in the Senate; that is, his respect and deep regard for the men and women of the military services. His reflections today remind us of what they have done and of the high standards of conduct they expect of themselves and that we have to recognize also. Again, I join Senator REID in saluting Senator McCAIN for his words but, as he does so many times, for also being the conscience of the Senate on so many important topics.

### TAX SUBSIDIES

Mr. REED. Mr. President, I want to talk about the provisions my colleagues and I have introduced to ensure that the large oil companies of this Nation which are receiving great tax subsidies no longer receive taxpayer money to subsidize their profits, and to target those savings towards deficit reduction, which is one of the great tasks before us.

We are seeing an extraordinary runup in gas prices. In Rhode Island, the prices are exceeding \$4 a gallon. These high gas prices threaten our economic recovery and they also put a brake on the expansion in job growth which is so necessary for all of our citizens. In fact, it is estimated that because of these gas prices, U.S. households will pay about \$825 more in 2011 for gasoline than they did last year. That is a big bite out of the discretionary spending available to moderate-income families across this country.

One aspect of this runup in gas prices is the role of speculation. I am pleased that the President responded to a letter I led suggesting the appointment of a task force to look into this. He created the Oil and Gas Price Fraud Working Group, and under the leadership of Attorney General Eric Holder, they are looking seriously at the speculative aspects of the runup in gas prices. Some economists estimate that excessive speculation can drive up prices by as much as \$1 a gallon. In fact, the huge retreat in the commodities market for oil last week suggests that much more than just simple supply and demand is responsible for these huge price increases, and we have to look carefully at this.

I am pleased to be a cosponsor, along with Senator MENENDEZ and several of my colleagues, of the Close Big Oil Tax Loopholes Act. It is extraordinarily ironic—and that is a mild term—to see the oil industry receiving huge subsidies at a time when market prices are producing what you would think would be the major incentive oil and gas companies need to explore and develop, and that incentive is the rather substantial

given prices at the pump throughout the Nation. In fact, these prices have transformed and turned themselves into huge profits for the industry. ExxonMobil, for example, posted its biggest first-quarter profit in 8 years, with net income rising 69 percent, to \$10.7 billion. In fact, the combined profits of the big five oil companies were more than \$30 billion for the first quarter. Those are the kinds of rewards in the marketplace that suggest to everybody that the need for subsidies from the government is nonexistent. Indeed, what we have seen, rather than using the subsidies and these excess profits to go out and intensify the search for new oil, is that most of this has gone to providing dividends or stock buybacks to stockholders. That is a legitimate use of corporate money, but it really undercuts this notion that these subsidies are so essential for the companies to be competitive and also necessary for the kind of activity they are undertaking to search for and develop new oil resources.

There are so many aspects of the bill that I think are positive. They have been, in part or in whole, debated before. The bill ends a deduction the oil industry receives for the production of oil that is meant to assist American manufacturers, not oil producers. Some suggest that the oil companies only discovered this tax loophole after the fact but exploited it very aggressively, that it was intended for small companies that are producing physical products that could be shipped around the country; not for bringing in oil, reprocessing it, refining it, and getting a tax break. There are so many other irrational aspects of these subsidies that, again, the subsidies themselves have been called for a serious review, evaluation, and indeed elimination.

The other factor that compels us to take this step today is that we have to begin to reduce the deficit. All of the resources that are being saved, we hope through this legislation, will be targeted to deficit reduction. We can continue to provide the necessary support for our economy through a healthy oil and gas system, but not to subsidize an industry that does well in the marketplace, and we ought to use those funds to reduce the deficit.

There is another aspect not directly related to the provisions Senator MENENDEZ and I support, but relates to this debate. At the same time as the big oil companies defend these subsidies, they are also pushing for increased offshore drilling, but are unwilling to help ensure that it is safe. For example, we have tried to get the oil and gas industry to at least pay more for the inspections that are so necessary on these offshore platforms to provide for safety and prevent another Deepwater Horizon explosion. The administration has proposed an increase in fees oil companies pay for rig inspections from the present fee of \$3,250 to \$17,000, and the companies have balked at this. Here is an industry

that is deriving huge tax subsidies, and obviously the example of the devastating Deepwater Horizon explosion and spill has raised serious concerns about the ability to manage and safely develop some of these offshore platforms, and essentially they are saying: No, we are not going to pay more for the inspection fees that are necessary.

The total increase is minimal. In fact, let me give a comparison. BP, British Petroleum, would be asked to pay about \$1.5 million in fees, if this new fee structure were in effect, for their offshore platforms. That would represent about 0.01 percent of the \$10.9 billion in revenues from the Gulf of Mexico last year. Yet the companies are saying no. When it comes to paying their fair share for inspections that directly benefit them, provide further confidence to the public that their operations are successful, and give them, frankly, more confidence in allowing or encouraging further offshore drilling, they say no. But when it comes to tax subsidies that benefit their bottom line, they say yes, yes, yes.

I think what we have to do is press forward to ensure that these tax subsidies are revoked, and dedicate these tax subsidies to deficit reduction. In that way, we can let the market decide on the success or failure of these companies. That is one of the mantras I hear so often from many here, particularly from my colleagues on the other side of the aisle. I think it can be done without in any way impacting the cost of fuel in the United States.

I think, frankly, what we are seeing—going back to my initial point—is that there are factors beyond tax subsidies that are driving up the cost of fuel: speculation; issues of the international exchange; the value of the dollar. But it is quite clear, given our dependency—and we have to get off that dependency on oil—that there will be a robust market for petroleum products in this country for the foreseeable future. That market alone justifies increased exploration, research, and other activity, and it will reward the companies. These subsidies are not necessary. Instead of wasting taxpayer money on subsidizing big oil profits, it is time we close these loopholes and return the savings to the American taxpayer. With that, I urge rapid support and favorable support of Senator MENENDEZ's legislation.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

### USE OF TORTURE

Mr. DURBIN. Mr. President, there was a column written in this morning's